



# PROVIDING FINANCIAL SUPPORT TO EMERGING ENTREPRENEURS IN INDIA: A STUDY OF STAND UP INDIA SCHEME

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## ABSTRACT

Government of India has taken many steps for inclusive economic growth of the country. The persons generally want to start their own business; failed due to adequate financial support from the banks or any other source. Economic or financial inclusion aims at providing financial support with the help of banks and financial institutions to the people who are seeking. The fair, equitable and transparent services are expected by the common people at very much affordable cost. The 'Stand Up India Scheme' is one of the key steps taken by Government of India to facilitate the financing SC / ST or at least one women borrower for setting up a greenfield enterprise. The recognition of SC/ST or women for providing such financial support time to time will help them to succeed the business. The scheme is not only providing the financial support to the emerging entrepreneurs but also provides future prospects for their development and growth. Such schemes will definitely help in creating an supportive atmosphere in the country for entrepreneurs.

This paper mainly focuses and studies on the financial support provided under the scheme of government of India 'Stand up India Scheme' to the emerging entrepreneurs.

**KEY WORDS:** Financial Support, Entrepreneurs, Government Schemes, Economic Growth, Development.

## INTRODUCTION:

Sustainable development can be achieved through the proper, adequate and timely financial support to the emerging as well as existing entrepreneurs. The inclusive economic growth is depending on the support from the government in the rural as well urban areas. The role of banks in India is very crucial to provide and offer the financial services to the people as per their need. The financial inclusion helps to cater the financial services to the every individual. The financial inclusion is one of the key factors which lead to enhance the banking services through bank accounts to the every person in the country (C. Paramasivan, V. Ganeshkumar, 2013).

Government of India launched the Stand Up India scheme on 5th April, 2016 with the mantra that is "Job Seeker must be Job Creator". The scheme is introduced to provide the financial support to SC/ ST or women to promote the entrepreneurship. Basically this scheme is focusing on the population those are facing the challenges due to lack of advice and financial support. Development of the country is depending on the small businesses. Economic growth is possible when the entrepreneurs will develop their business in rural as well as urban area. There are many potential entrepreneurs spread across the country with various innovative ideas and they have the willingness to do something for themselves and their families. Aspiring entrepreneurs are very much energetic and enthusiastic but they are facing the challenges. They have their dreams and they want to convert

them into reality.

## OBJECTIVES OF THE STUDY:

1. To study the Stand Up India Scheme and its performance.
2. To study the cases of emerging entrepreneurs with reference to Stand Up India Scheme.

**Research Type:** Descriptive Study

## METHODOLOGY:

Secondary data is used to collect the data. Necessary tables, graphs and figures are used to interpret the data.

## LIMITATIONS OF THE STUDY:

This study is based on secondary data published in various websites, reports hence the actual benefits have not been examined with the beneficiaries.

## Stand Up India Scheme Highlights:

Department of Financial Services, Ministry of Finance, Government of India is anchoring the scheme.

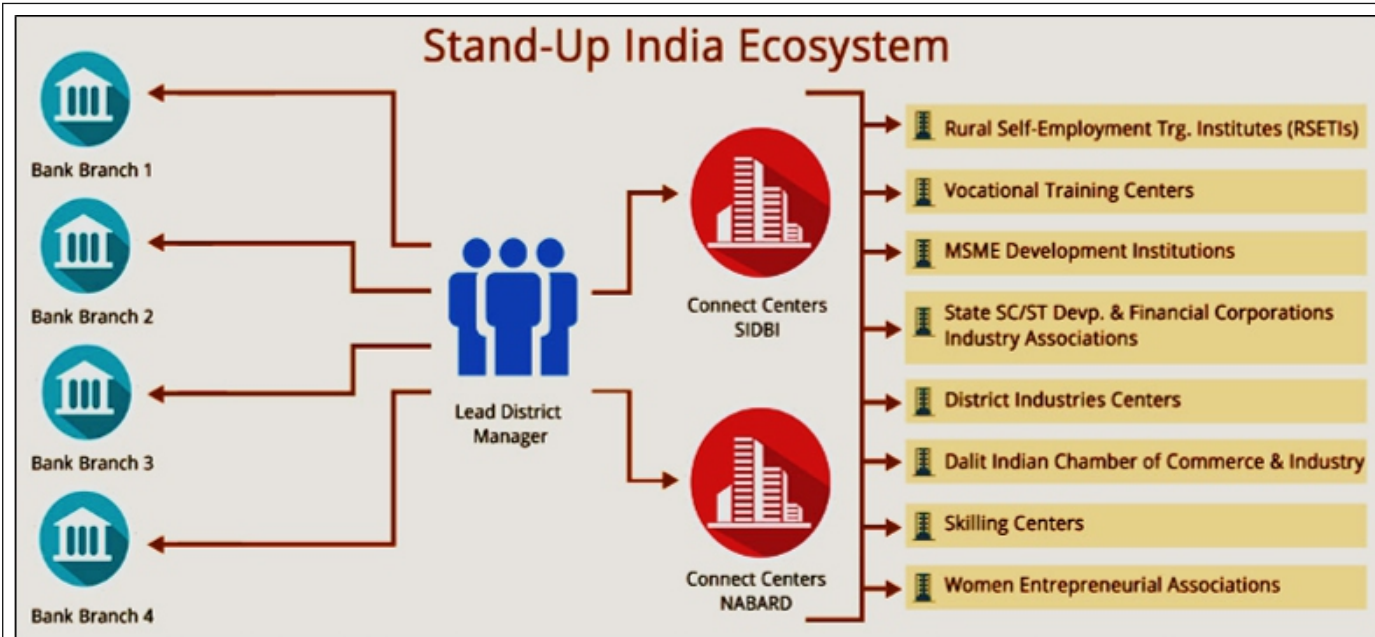
Objectives of the Scheme:	Eligibility:	Size of Loan and Interest Rate:	Security and Repayment:
<ol style="list-style-type: none"> <li>1. To Facilitate Bank Loans to SC/ST and or at least on women borrower per bank branch for setting up Greenfield enterprise.</li> <li>2. Loan Amount between Rs. 10 Lakhs to 1 Crore.</li> <li>3. Enterprise may be manufacturing, service or trading sector.</li> <li>4. In case of Non Individual enterprise at least 51% of Stake should be held by SC/ST or Woman entrepreneur.</li> </ol>	<ol style="list-style-type: none"> <li>1. SC/ ST and or Woman entrepreneur above 18 years of age.</li> <li>2. Loans should be provided only for Greenfield projects.</li> <li>3. Borrower should not be in default to any bank or financial institution.</li> </ol>	<ol style="list-style-type: none"> <li>1. Composite loan of 75% of the project cost inclusive of term loan and working capital.</li> <li>2. The rate of interest would be lowest application rate of the bank. (Not to exceed base rate (MCLR) + 3% + tenor premium).</li> </ol>	<ol style="list-style-type: none"> <li>1. Besides primary security, the loan may be collateral security or guarantee of credit guarantee fund scheme for stand up India loans as decided by the banks.</li> <li>2. Loans Repayment period is 7 Years with maximum moratorium period of 18 months.</li> </ol>

## Working Capital:

Working capital of Rs. 10 Lakhs the same may be sanctioned by way of overdraft. Rupay Debit Card to be issued for convenience of the borrower. Working capital limit above Rs. 10 Lakhs is to be sanctioned by way of Cash Credit Limit.

**Source:** [www.sidbi.in](http://www.sidbi.in)

Above are the scheme features which provide the information about the scheme.



Source: <http://vikaspedia.in/social-welfare/scheduled-caste-welfare-1/stand-up-india-scheme> Accessed on 02/05/2019 at 1.20pm.

Fig. 1: Stand Up India Ecosystem

The ecosystem for Stand Up India is working for providing proper support at every entrepreneurial stage. SIDBI and NABARD are functioning as the connect centers in the ecosystem.

Indian economy is changing rapidly. To cope up with the changes in the Indian economy the commercial sector has to make the necessary adjustments in favour of entrepreneurs. More freedom and access of finance is to be provided by the government and banks to them for the development. India is huge entrepreneurial potential in the rural and urban areas. The people are having different skills just they need to have financial support to start and run their operations.

#### LITERATURE REVIEW:

Gavin Cassar (2004), has revealed in his study that the capital structure of the start-ups or the new ventures depends on the sources of finance. Investigation of the determinants of the capital structure has done in the study. When the question arises of the financing of new ventures, the possibilities have been checked by both the sides. The study discussed the results of finances and influence of determinants on the capital structure.

Neha Tiwari (2017), has studied in her paper titled "Women Entrepreneurship in India" that the challenges encountered by women entrepreneurs in India. Financing to the businesses run by women is a challenge. The problems other than financing were also discussed in the study. She concluded her study that considering the total population of India, economic participation of women is very limited. Government support to the women is required to empower the economic growth of the country.

Ganesan R., D. Kaur, Maheshwari R. C. (2002), have stated in their study on "Women Entrepreneurs: Problems and Prospects" that women are facing many social, financial, family problems while running their own enterprise. In India, there are many opportunities to the entrepreneurs to do their businesses but the study revealed that financial support from banks and government is lacking to develop the entrepreneurship.

Robert Meyer (2012), has reviewed and analysed the India's entrepreneurship with innovation, knowledge management, technology policy. Nature of the modern global economy has a great impact on the Indian economic development. Entrepreneurship is the key to uplift the economic conditions in the competitive

era. Start-ups require time to time financial assistance to sustain in the market. Researcher concluded the study that entrepreneurial thinking motivates to put the action for improvement the entrepreneurship.

Sonu Garg, Parul Agarwal (2017), have reviewed in their paper about problems and prospects of women entrepreneurship. They have made an attempt to find out various issues in the women entrepreneurship and found that many women entrepreneurs quit their business due to adequate support of finance. It is concluded that proper support from the government can solve many issues through various schemes and programs to roll out the barriers. Many initiatives have taken by the government to empower the women entrepreneurship but the expected results not achieved.

Krishnukumar Agarwal and Rajeshkumar Upadhyay (2009), have studied in their study on "Attitude of Youth towards Entrepreneurship: A Case Study of Varanasi" that the how youth is responding to the entrepreneurial opportunities. Government has launched many schemes for the youth to start their own enterprises but the expected development in the start-ups and participation of youth was not found. The support of various states and central government it is found that the majority of the youth are not ready to start the entrepreneurship as a career option. Youth is responding preferably as salaried employees in the government, public and private organizations.

Vishnu Patankar, Nikhil Mehta, have reviewed in their study that according to (Chowdhury, 2007), stated that if the stability of politics and law rules are improved it will definitely make an impact that unhealthy competitions will be out from the society. With regard to this if education, training, financial help or assistance is provided new and energetic entrepreneurship can be emerge as MSME in the country.

David Denis (2004), has studied in the research about the entrepreneurial finance. The study focuses on the alternative sources of finance, financial contracting issues, private equity, public finance, policies related to raising finance etc. Further he reviewed about the entrepreneurial needs and development of the business through required funds. He reviewed the financial needs of the large scale businesses. Backbone of the economic development is small scale industries or units. The article fails to provide the issues of the entrepreneurs of small scale units.

#### Data Analysis and Interpretation:

Table No. 1. Number of entrepreneurs benefited under Stand Up India Scheme:  
As on 10<sup>th</sup> January, 2018

						Amounts in Rs. Crores	
SC		ST		Women		Total	
No. of Accounts	Amount Sanctioned	No. of Accounts	Amount Sanctioned	No. of Accounts	Amount Sanctioned	No. of Accounts	Amount Sanctioned
7086	1344.7	2162	427.79	41639	9214.47	50887	10986.96

Source: Annual Report 2017-18, Ministry of Finance, Page – 278

Number of Accounts

■ SC ■ ST ■ Women

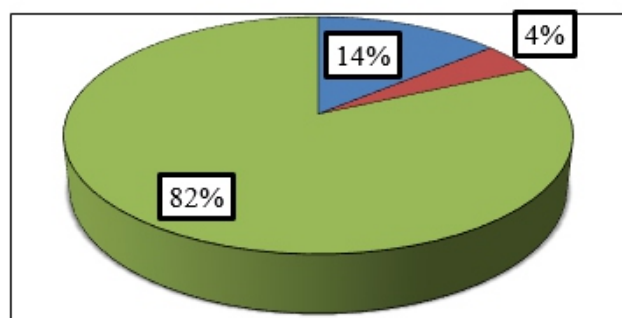


Chart 1. Number of Accounts under Stand Up India Scheme

Amount Sanctioned

■ SC ■ ST ■ Women

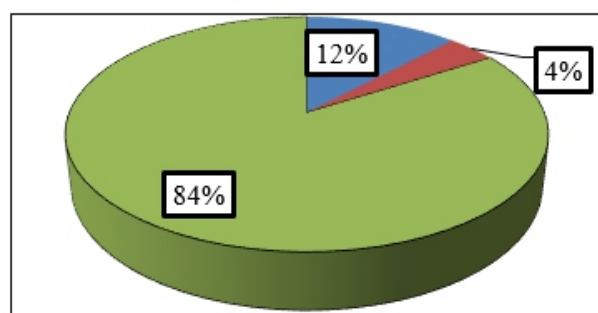


Chart 2. Amount sanctioned under Stand Up India Scheme

**Interpretation:**

From the above Table No.1 and Chart 1 and Chart 2, It is observed that as on 10th January, 2018 total number of accounts 50887 are benefited under Stand Up India scheme. Out of this ST - 4%, SC - 14% and Women - 82% have taken benefit of the scheme. The loans are sanctioned subsequently to the ST - 4%, SC - 12% and Women - 84% out of total funds distributed Rs. 10986.96 crores.

**Successful Cases of the Emerging Entrepreneurs under Stand Up India Scheme:****1. Shri. Harkesh:**

He started sole proprietorship M/s Hans Concrete Products is a manufacturing unit producing interlocking tiles.

**Name of the Enterprise:** M/s Hans Concrete Products

**Category:** SC **Gender:** Male

**Loan Sanctioned:** Rs. 10.50 Lakhs (Term Loan: 4.8 Lakhs, Working Capital: Rs.5.7 Lakhs.)

**Sanctioning Bank:** Oriental Bank of Commerce Branch: Nimka

**State:** Uttar Pradesh **District:** Gautam Buddha Nagar

**Approximate Investment:** Rs. 14 Lakhs

**Employment:** 8 Persons

**Production:** 80,000 tiles per month

**Sale of Production:** at the local construction sites

**Profit Registered:** Rs. 1.5 Lakhs for FY 2016-17

**2. Smt. Taslima Bibi:**

She started a business of manufacturing and trading of textiles (Jeans) and others. She launched her own Brand in Jeans Manufacturing – R K Life. Better quality and reasonable price is the tagline of the brand.

**Name of the Enterprise:** R K Garments

**Category:** Minority Community **Gender:** Female

**Loan Sanctioned:** Rs. 10.20 Lakhs

**Sanctioning Bank:** United Bank of India Branch: Mamudpur

**State:** West Bengal

**District:** South 24 Parganas

**Approximate Investment:** Rs. 14 Lakhs

**Employment:** 25 Persons

**Production:** As per demand from customers

**Sale of Production:** In and Out of West Bengal – Bihar, Jharkhand and Orissa

**3. Shri. Ajay Kumar:**

He works earlier as Supervisor in corrugated box manufacturing unit. He realized that he can start his own business after 7 years.

**Name of the Enterprise:** Yamuna Punch & Pack

**Category:** ST **Gender:** Male

**Loan Sanctioned:** Rs. 24.90 Lakhs

**Sanctioning Bank:** Dena Bank **Branch:** Valsad

**State:** Gujarat

**District:** Valsad

**Approximate Investment:** Rs. 33 Lakhs

**Employment:** 21 Persons

**Production:** Manufacturing of corrugated box

**Sale of Production:** In and around Gujarat

**Reported Profit:** 1 Lakh per month approximately

**FINDINGS OF THE STUDY:**

- 82% Women accounts are found as they have taken more benefit of the scheme.
- 14% SC category accounts are found out of 50887 total accounts as they have taken benefit of the scheme.
- 4% ST accounts are found as they have taken benefits of the scheme.
- Considering the population of India, the response to the Stand Up India Scheme was found very low.

**SUGGESTIONS**

- To the Government:** Government of India and the concern Department of Ministry should have to increase the awareness of the scheme among the SC, ST category people and women as well.
- To the Banks:** Banks should have to display the scheme information in their branch so that people can read it.

**CONCLUSION:**

In India, talent and skills are found anywhere across the country. Youth population is more in the total population of the country. They have their own ideas and concepts but they fail to commercialize it and to attract the finances for developing their ideas and concepts into business. Economic growth is possible by increasing financial support to the emerging entrepreneurs. 'Stand Up India' is a great initiative of the government for uplifting the SC, ST and women entrepreneurs. The aspirants should have the great will to start their own enterprise. Though the performance of the Stand Up India Scheme was found less, the reason behind it may be the awareness among the aspirants. Government support in the providing finance will definitely gear up the success for the emerging entrepreneurs from the economically backward class. Those who have taken a benefit of the Stand Up India Scheme they have already set an example of entrepreneurship. Financial support with the hard work of the entrepreneurial aspirants definitely put the future dreams in front of them and we can see the transformed lives in the upcoming years. The entrepreneurial aspirants will believe the bigger

dreams and they will put their efforts to develop their economic situations for the better living and this will impact positively to the inclusive economic development.

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